CHAPTER 3

Planning Context

Introduction

Chapter 1 introduced the concept of the comprehensive plan and why cities prepare them. Chapter 2 presented the City's vision for its future and the goals it has set in order to achieve that vision. The remainder of the Plan sets out the details: background information for each plan element and the objectives and strategies the City will undertake to meet its goals. Chapter 3, Planning Context, provides some of the most basic background information that the City used to develop this plan. It provides the context for planning by describing trends in population growth, demographic characteristics, income levels, land use, and the various markets for housing, commercial, and industrial uses.

Total Population

As recorded in the U.S. Census since the 1830s, the City of Lynchburg grew rapidly during its early years as an important economic hub for central Virginia. The City exhibited steady population growth during the 19th and early 20th centuries, except during the Civil War years, the national economic slowdown of the 1890s, and World War I. After 1960, however, Lynchburg became a mature city, exhibiting population growth primarily when it annexed new lands. Table 3.1 illustrates this pattern. The City's population decreased from 1960 to 1970, then increased dramatically from 1970 to 1980, with the 1976 annexation, and returned to a slow downward population trend from 1980 to 2000. According to the 1984 Lynchburg General Plan, annexation was responsible for 10,557 of the 12,660 people added to the City from 1970 to 1980. The remainder of the population growth, 2,103 people, represented a 4% increase.

Table 3.1: Population - Lynchburg and Surrounding Counties

	1960	1970	1980	1990	2000	% change 1960-2000	% change 1990-2000
Lynchburg	54,790	54,083	66,743	66,049	65,269	+ 19%	- 1.2%
Amherst	22,953	26,072	29,122	28,578	31,894	+ 39%	+ 11.6%
Appomattox	9,148	9,784	11,971	12,298	13,705	+ 50%	+ 11.4%
Campbell	32,958	43,319	45,424	47,572	51,078	+ 55%	+ 7.4%
Bedford	31,028	26,728	34,927	45,656	60,371	+ 94.6%	+ 32.2%
Virginia	3,966,949	4,651,448	5,346,797	6,189,317	7,078,515	+78.4%	+14.4%

Source: US Census

Table 3.1 shows that the Lynchburg region has continued to grow, but that the growth has shifted to surrounding counties. Population growth in the counties has been dramatic over the last five decades, ranging from a 39% increase in Amherst County to a 95% increase in Bedford County. This compares to a growth rate of 78% for the State of Virginia over the same time period. From 1990 to 2000, Bedford County grew the fastest in the region at a rate of 32.2 % compared to Virginia's growth rate of 14.4%. Amherst, Appomattox, and Campbell counties exhibited healthy growth rates ranging from 7.4% to 11.6%. Lynchburg's population decreased by 1.2%.

It is informative to compare Lynchburg's population change statistics with those of similar cities. Virginia's First Cities, of which Lynchburg is a member, is a coalition of 14 of the most fiscally stressed cities in Virginia. The group was formed to promote the needs of these cities to state government. Of these 14 cities, 7 are small to medium size cities with populations between 20,000 and 100,000. Table 3.2 presents population change figures for these seven First Cities and Lynchburg.

Table 3.2: Population Changes from 1990 to 2000 for Selected Cities in Virginia

	1990	2000	% Change 1990 - 2000
Lynchburg	66,049	65,269	- 1.2
Charlottesville	40,341	45,049	+ 11.7
Danville	53,056	48,411	- 8.8
Hopewell	23,101	22,354	- 3.2
Petersburg	38,386	33,740	- 12.1
Roanoke	96,397	94,911	- 1.5
Staunton	24,461	23,853	- 2.5
Winchester	21,947	23,585	+ 7.6

Source: US Census

While Lynchburg did not experience the robust growth level of Charlottesville in the last decade, it did not experience a significant decline like that of Petersburg. Lynchburg's small decline in population was much like that experienced by Roanoke during the decade.

The Virginia Employment Commission's (VEC) population projections for 2010, calculated in 1999 and available through the Weldon Cooper Center at the University of Virginia, project a growth of 7.2% from 2000-2010 for the Lynchburg Metropolitan Statistical Area (MSA). The MSA includes, in addition to the City of Lynchburg, the City of Bedford, and Amherst, Bedford, and Campbell counties. It is important to recognize, however, when considering the entire MSA, that certain portions of Bedford County that are closer to the City of Roanoke may have more in common with that city than with Lynchburg. The population for the City of Lynchburg is expected to increase only slightly during the same time period (2000-2010). Therefore, growth within the MSA is expected to occur outside the City, as shown in Table 3.3.

Table 3.3: Population Projections to 2010

	1990**	2000**	2010*	% Change 2000-2010
Lynchburg City	66,049	65,269	65,300	0.04%
Amherst County	28,578	31,894	32,898	3.14%
Appomattox County	12,298	13,705	14,600	6.5%
Campbell County	47,572	51,078	53,703	5.14%
Bedford County	45,656	60,371	71,601	18.6%
Lynchburg MSA	200,153	223,317	238,102	7.2%
Virginia	6,189,317	7,078,515	7,737,597	9.31%

*Sources: * Virginia Employment Commission through the Weldon Cooper Center, ** US Census*

The Region 2000 Regional Commission (formerly the Central Virginia Planning District Commission) also generates forecasts by subareas (traffic analysis zones) for future population and employment levels of the City. Table 3.4 shows population forecasts for the urbanized areas of Amherst, Bedford, and Campbell Counties, as well as the City of Lynchburg. This approach projects a similar trend for the urbanized areas surrounding the City, with Bedford experiencing most of the growth, followed by urbanized areas in Campbell County. Region 2000 forecasts a slight drop in population (-0.34%) for the City over the next twenty years.

Table 3.4: Urban Area Population Forecasts - Region 2000 Data

	1990	2000	2010	2020	% Change 2000-2020
Lynchburg	66,049*	65,269*	65,050**	65,050**	-0.34
Amherst Urbanized Area**	18,587	19,330	20,139	20,948	8.37
Bedford Urbanized Area**	10,468	16,180	18,946	21,712	34.19
Campbell Urbanized Area**	20,134	22,127	23,891	25,654	15.93
Total Urban Area	115,238	122,906	128,026	133,364	8.67

*Sources: * US Census, ** Region 2000 Regional Commission*

Demographic Characteristics

It is important to note the special characteristics of the City's population in order to understand who the City is serving and what their needs might be. Table 3.5 describes the sex and age characteristics of the City. While the ratio of males to females within Virginia is 49% to 51%, Lynchburg has a considerably higher percentage of females, 54.3%. With regard to age, the City's median population age is slightly less than that of the entire state, 35.1 years compared to 35.7 years. However this single statistic is misleading, since it appears that it is skewed to some extent by the presence of four colleges in the City. The percentage of the population in the 15 to 24 age bracket is 19.1% in Lynchburg compared to 13.6% for the State as a whole. The City has a higher percentage of its population over 65 in age and a lower percentage of young children 14 and under than the State of Virginia as a whole. This indicates a resident population that is aging. As will be discussed later in the chapter under housing markets, the City is not attracting many families, which is reflected in the following age statistics.

Table 3.5: Sex and Age Characteristics - Lynchburg 2000

Subject	Number	Percent
TOTAL POPULATION	**65,269**	**100.0**
SEX		
Male	29,841	45.7
Female	35,428	54.3
AGE		
Under 5 years	3,817	5.8
5 to 9 years	4,102	6.3
10 to 14 years	4,192	6.4
15 to 19 years	5,796	8.9
20 to 24 years	6,644	10.2
25 to 34 years	7,972	12.2
35 to 44 years	8,530	13.1
45 to 54 years	8,094	12.4
55 to 59 years	2,923	4.5
60 to 64 years	2,554	3.9
65 to 74 years	4,888	7.5
75 to 84 years	3,989	6.1
85 years and older	1,768	2.7
Median age (years)	35.1	—

Source: US Census

Race is another consideration in characterizing the population of the City. Lynchburg is a mixed race city, though the mix is primarily of whites (66.6%) and blacks (29.7%), with very low numbers of American Indians, Asians, or other races. Only 1.5 % of the population was recorded to be of two or more races. The Hispanic/Latino population of the City remains low at 1.3% as shown in Table 3.6.

Table 3.6: Race - Lynchburg 2000

Subject	Number	Percent
TOTAL POPULATION	**65,269**	**100.0**
RACE		
One race	64,317	98.5
White	43,487	66.6
Black or African American	19,382	29.7
American Indian and Alaska Native	169	0.3
Asian	838	1.3
Native Hawaiian and Other Pacific Islander	28	0.0
Some other race	413	0.6
Two or more races	952	1.5
Hispanic or Latino (of any race)	878	1.3
Not Hispanic or Latino	64,391	98.7

Source: US Census

Table 3.7 provides 1990 and 2000 Census details on households and families in Lynchburg. The number of households increased from 1990 to 2000 by a small amount, 334 households or 1.3%, but the size of households decreased from 2.39 to 2.30. It is interesting to note that, as reported in the 1984 Lynchburg General

Plan, the average household size in the City in 1960 was 3.29 persons, a full one person per household more than is found today. This trend of decreasing household size is statewide and nationwide.

Table 3.7: Household and Family Characteristics - Lynchburg 1990 and 2000

Subject	1990 Number	1990 Percent	2000 Number	2000 Percent
TOTAL HOUSEHOLDS	**25,143**	**100.0**	**25,477**	**100.0**
Family Households	16,380	65.1	15,588	61.2
Married-couple family	11,749	46.7	10,597	41.6
Female household	3,930	15.6	4,066	16.0
Male household	701	2.8	925	3.6
Nonfamily households	8,763	34.9	9,889	38.8
Average household size	2.39	—	2.30	—
TOTAL POPULATION	**66,049**	**100.0**	**65,269**	**100.0**
In households	60,031	90.9	58,718	90.0
In group quarters	6,018	9.1	6,551	10.0
Institutionalized population	1,228	1.9	1,703	2.6
Non-institutionalized population	4,790	7.2	4,848	7.4

Source: US Census

Lynchburg is also noteworthy for its relatively large percentage of persons living in group quarters versus households. This includes a relatively high percentage of institutionalized persons, as well as noninstitutionalized persons, presumably students residing on college campuses in dormitories, as shown in Table 3.8. Ten percent of Lynchburg's residents live in group quarters compared to 3.3% across the state.

Table 3.8: Change in Average Household Size - Lynchburg 1960 to 2000

	1960	1970	1980	1990	2000
Average Household Size	3.29	2.94	2.60	2.39	2.30

Source: Lynchburg General Plan Update 1990 and US Census

Some additional comparisons between Lynchburg and the 7 selected Virginia's First Cities regarding demographic characteristics are provided in Table 3.9.

Table 3.9: Year 2000 Demographic Characteristics for Selected Cities in Virginia

	Density Pop/Sq Mi	Number of Households	Average Household Size	Percent Male	Percent Female	Median Age (Years)	Percent White	Percent Black
Lynchburg	**1,322**	**25,477**	**2.30**	**45.7**	**54.3**	**35.1**	**66.6**	**29.7**
Charlottesville	4,390	16,851	2.27	46.7	53.3	25.6	69.6	22.2
Danville	1,124	20,607	2.27	45.5	54.5	40.5	53.9	44.1
Hopewell	2,182	9,055	2.43	46.7	53.3	35.0	62.3	33.5
Petersburg	1,474	13,799	2.38	45.7	54.3	36.9	18.5	79.0
Roanoke	2,213	42,003	2.20	46.9	53.1	37.6	69.4	26.7
Staunton	1,210	9,676	2.19	47.1	52.9	39.8	83.3	14.0
Winchester	2,527	10,001	2.28	48.5	51.5	35.2	82.1	**10.5**

Source: US Census

This table shows that Lynchburg is a relatively low density city compared to the other Virginia's First Cities. Charlottesville exhibits a high density of 4,390 persons per square mile compared to Lynchburg's 1,322 persons per square mile. Lynchburg's density is similar to that found in Danville and Staunton. Lynchburg's average household size is found in the middle of the range of average household sizes from Staunton's low of 2.19 persons per household to Hopewell's 2.43 persons per household. Many of these cities have a higher median age than Lynchburg, the major exception being Charlottesville, which has a median age almost 10 years lower than Lynchburg's. Racially, the City is very similar to Charlottesville and Roanoke.

Income Levels

Table 3.10 compares income levels in Lynchburg to those in surrounding counties and across Virginia. The figures show that the City has the lowest median household income (1998) and highest poverty rate (2000) in the region. The Bureau of Economic Analysis, U.S. Department of Commerce, calculates a higher 2000 per capita personal income for Campbell County/Lynchburg compared to Amherst and Appomattox counties, but that may be due to higher income levels in Campbell County pulling up the average. Lynchburg's median household income and per capita income levels are significantly lower than the State averages. By federal standards, poverty exists in Lynchburg; it is a problem that the City must wrestle with in providing needed services to its citizens.

Table 3.10: Income Levels

	1998 Median 2000 Household Income*	Per Capita Personal Income**	Percent of People of All Ages in Poverty*
Lynchburg	$30,574	$24,178	17.5%
Amherst	$36,112	$18,766	10.7%
Appomattox	$33,893	$20,411	13.1%
Campbell	$37,291	$24,178	10.6%
Bedford	$45,474	$26,637	7.3%
Virginia	$42,622	$31,120	10.2%

Note: Lynchburg and Campbell Counties, and Bedford County and Bedford City are combined to calculate per capita personal income.
*Sources: *US Census, **Bureau of Economic Analysis, US Department of Commerce*

Existing Land Use

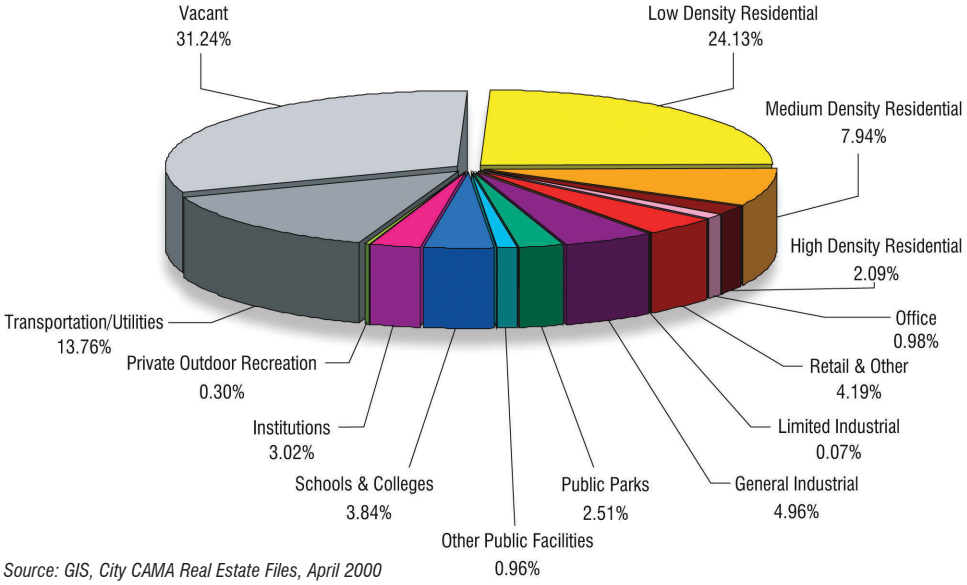
The previous sections of this chapter describe the size and characteristics of the City's population, as well as that population's income levels. This section describes how land in the City is used to house the population and its economic activity.

The land use analysis was developed by compiling the City's Computer-Aided Mass Appraisal (CAMA) real estate files (real estate tax records) and linking them

to the City's geographic information system. The result was a map and data set that could be used to determine the location and the acreage for each land use type within the City.

The City of Lynchburg is made up of approximately 31,663 acres of land (including acreage for roadways), as derived using the CAMA Real Estate Files. Figure 3.1 provides a pie chart showing the percentage of the City's land area devoted to each land use.

Figure 3.1: Area of the City Covered by Existing Land Uses - 2000



Source: GIS, City CAMA Real Estate Files, April 2000

Vacant: Vacant land is defined as land that has no buildings or improvements. At first glance, it appears the city has more than enough land to accommodate new growth. According to the analysis, almost 10,000 acres, or 31% of the total land area inside the City limits, are identified as vacant. However, a large portion of the vacant land is affected by environmental constraints such as steep slopes, floodplains, or soils unsuitable for septic systems. The latter may be surprising, but as discussed in Chapter 15, Public Utilities, there are areas of the City that are not currently served by public sewer service. Poor soils in these areas limit development there. The largest parcels of vacant land are found on Candlers Mountain in the southeastern portion of the City along the eastern side of 460. Other significant vacant land is found in the Tyreeanna / Pleasant Valley area in the easternmost corner of the City and along the western border of the City west of the Expressway.

Residential: Including low, medium, and high density, are found throughout the city. Low density residential uses include single family homes and are generally zoned R-C, R-1, or R-2. Medium density residential uses include small-lot single family houses, duplexes, townhouses and mobile home parks, generally zoned R-3. High density residential uses include multifamily units of condominiums, apartments, and nursing homes and are generally zoned R-4 or R-5.

The low density areas of the City are made up of mostly single family subdivisions located in the western half of the City. The majority of homes in these areas were built after 1926. Low density residential lands make up 24% of the City's land area, more than any other residential use, or any developed use. Generally, they are found in large blocks of single land uses. Older medium

density residential neighborhoods surrounding the downtown, such as College Hill, Miller Park, Diamond Hill, and Tinbridge Hill, contain many houses built prior to 1926. These tend to be mixed use neighborhoods with houses mixed among retail, commercial, office, industrial, and public uses. More recently built medium density residential uses are scattered mostly near Breezewood Drive and the 501 Expressway and between Lakeside Drive and Old Forest Road. Other medium density uses are located along Leesville Road and Wards Ferry Road. Medium density residential uses make up almost 8% of the City's land area. High density residential land uses are found in scattered sites and comprise less than 1% of the City's land area. Overall, residential uses, low, medium, and high density, occupy 34% of the City's acreage.

Office: Including general and medical offices, occupy about 1% of the City's acreage, or about 310 acres, and are located primarily in the central business district, around Lynchburg General Hospital, and along the Expressway. Actually, there may be more land dedicated primarily to office use in the City than these data reflect. The City's real estate files do not record mixed use buildings consistently and may have recorded some primarily office buildings in downtown as retail for their first floor use.

Retail: Uses including shopping centers, hotels, neighborhood stores, convenience stores, gas stations, restaurants, and so forth, are found throughout the City and comprise about 4% of the City's land, or 1327 acres. The Wards Road area is home to the City's major shopping districts, including Wards Crossing, River Ridge Mall, and Candler's Station. Other major retail uses are found along Timberlake Road, Lakeside Drive, and Old Forest Road. The central business district is not currently a major location for retail uses. More detail about commercial uses is found in Chapter 9, Commercial & Employment Areas.

Industrial: Including limited and general industrial uses account for about 5% of the City's total land use acreage and are concentrated primarily along major highways and rail corridors. Industrial uses include manufacturing, warehouse, and distribution facilities. The City's major industrial areas are found in its Business / Technology and Employment Areas, as identified on the Plan Framework map in Chapter 4. More detail about industrial uses is found in Chapter 9, Commercial & Employment Areas.

Public Parks and Private Recreation: Public park land uses include parks, recreation centers, and green spaces owned by the City. The City's major public parks like Blackwater Creek Natural Area, Riverside Park, Miller Park, and Peaks View Park, account for a majority of the City's park acreage. Overall, the City maintains almost 800 acres of parkland according to the City's CAMA Real Estate files, representing 2.5% of the City's total acreage. More detail about existing parks is found in Chapter 13, Parks & Recreation. There is a small amount of private recreation land in the City, 0.3%, which is comprised mostly of country clubs and swim clubs.

Other Public Facilities: Public facilities, including city-owned, state, or federal facilities, such as City Hall, properties of the Greater Lynchburg Transit Company, or the landfill (excluding schools and colleges) utilize about 1% of the City's land, or 300 acres. A major portion is the City's landfill in the Tyreeanna / Pleasant Valley area. Other major public uses, including City offices, are found downtown.

Schools, Colleges & Institutions: Account for 6.8% of the City's acreage. Schools and colleges include public and private facilities and are found throughout the City. Institutions, including churches, other places of worship, lodges, hospitals, and libraries, are found mostly mixed among residential uses. In addition to its own elementary, middle, and high schools, the City is home to five colleges: Randolph-Macon Woman's College, Lynchburg College, Liberty University, Virginia University of Lynchburg, and Central Virginia Community College.

Transportation/Utilities: Account for almost 13.5 % of the City's acreage and include roadways, gas, electric, telephone, and railroad uses.

Market Trends

Assessments of market conditions for housing, commercial, and industrial development were performed so as to inform the process of determining future land use needs and plan policies in subsequent chapters.

Housing Trends

The City's housing market has experienced years of steady growth with increased loan activity, purchase prices, and rents. However, this has been accompanied by a decline in the City's share of the MSA's overall mortgage activity and an increase in rejection rates, painting a picture that the majority of new residential growth in the Lynchburg MSA has been outside the City. According to the Housing Market Analysis for the City of Lynchburg, prepared by the Urban Development Project Review Studio at Virginia Tech in Spring 2000, the number of low-income and high-income households have increased while middle-income households have declined and are expected to continue to decline.

New Housing Demand

The Lynchburg MSA is projected to experience steady growth over the next ten years. New residential building permit data for the City reveals the number of single family permits to be rising at a slow pace compared to that of the entire MSA. In 2000, Lynchburg had 152 single family building permits, compared to 468 in Bedford County and 187 in Campbell County. Multifamily housing permits in the MSA have been less steady than single family housing permits. According to the Weldon Cooper Center, 198 multifamily unit permits were distributed in the City in 2000 (excluding duplexes), 0 in Bedford, and 0 in Campbell County. Over the last decade, the number of multifamily permits issued has been significantly higher outside the City. Overall, the number of housing permits issued was greater in Bedford County than in the City in 2000.

When considering the demand for housing, it is important to consider a person's age, income, tenure (rent vs. own), and what kind of housing is available to meet the needs of the consumer. U.S. Census figures show that the number of actual housing units (occupied and vacant) in the city increased 1.5% from 27,233 in 1990 to 27,640 in 2000. Most of these units were absorbed as owner-occupied units, resulting in less than one percent growth in owner-occupied units between 1990 and 2000; the number of owner-occupied units increased slightly from 58.2% to 58.5%.

Overall the number of households (occupied) in the City grew by 344, or 1.37% from 1990 to 2000. A closer look at family versus non-family households reveals that the number of family households is decreasing while the number of non-family households is on the rise. (See Table 3.6.) Non-family households include people living alone. Between 1990 and 2000 the number of family

households decreased about 5% (16,380 and 15,588 respectively) whereas the number of non-family households increased almost 13% (8,763 and 9,889 respectively). In 1990, 71% of family households were occupied by married couples; in 2000 this number dropped to just under 68%. Not only are married couples the most likely to be homeowners, older residents dominate the ownership market with the majority of homeowners in Lynchburg being over age 45.

Two newly developed neighborhoods in Lynchburg.

Rental Market

Very-low-income renter demand increased significantly during the 1990's in the City at a rate higher than in the MSA as a whole. This implies an even more dramatic shift of the low-income rental market to the City.

Moderate-income owner and renter demand has been weak in the City but strong in the suburbs (the City lost middle income housing markets to the suburbs). The reduction in moderate-income owner/renter demand increases the supply of housing in the city subject to filtering into low-income rental properties, typically associated with poor maintenance and increased deterioration of properties. This deterioration has a negative impact on neighborhoods and the City's tax base.

Higher-end ownership and rental markets remain strong in the City, but single family construction is apparently heavily reliant on move-ups rather than new entrants into the housing market. With a weak market for replacement demand, this will further contribute to the amount of housing in the City available for conversion to lower-income demand.

Housing Characteristics

Using City Tax Assessment records, an analysis of single family dwellings including single family homes, duplexes, townhomes, condominiums, and planned units was completed to determine size (square footage) and assessed value per square foot. Over 60% of the single family homes included in the study were between 1,000 and 2,000 square feet in size, followed by about 20% less than 1,000 sq. ft. Homes greater than 3,000 sq. ft. account for only 3.5% of the single family dwellings in the City. The central city (south of Blackwater Creek, north of the Expressway, and west of downtown) has the highest number of single family homes within the city and also the highest concentration of homes less than 1,000 sq. ft. The housing stock southeast of downtown (on either side of Campbell and Florida Avenues and in the Tyreeanna / Pleasant Valley area) is split almost evenly between homes less than 1,000 sq. ft. (690) and homes between 1,000 and 2,000 sq. ft. (665). At the other end of the spectrum, the City's largest homes, those over 3,000 sq. ft., are found primarily in neighborhoods along Rivermont Avenue and Boonsboro Road.

The assessed value per square foot for single family dwellings was determined using data from single family homes, duplexes, townhouses, condominiums, and planned units. The calculation divided the assessed value of each home by the total square footage. The average assessed value of homes within the city is $49.63 per square foot.

Homes with the highest assessed values per square foot are found in the neighborhoods of Boonsboro, Peakland, Woodland, Oakwood, Bedford Hills, and Riverside. Homes with the lowest assessed values per square foot are found surrounding downtown, along Campbell and Florida Avenues, and in the Tyreeanna/Pleasant Valley area. Interestingly, these areas also have a significant number of homes with less than 1,000 sq. ft. None of these housing areas meets much of the demand for housing by middle income families. Chapter 10, Neighborhoods & Housing, suggests ways that the City can improve its housing stock and attract new housing to meet the regional demand as described above.

Economic Development Trends

This section of the plan identifies the macro-level demographic, economic, and market trends affecting the future of commercial (retail, office, hotel) and

industrial development and redevelopment in Lynchburg. It illustrates a basic "snapshot" of conditions and trends in sufficient depth to assist the City in understanding market and economic factors and characteristics of potential land use types and their implications for the Comprehensive Plan. Key findings are presented below; a more detailed analysis is found in the Supplemental Report for this Plan, entitled Market Analysis & Economic Overview for the Lynchburg Comprehensive Plan Update, Lynchburg, VA, by Economics Research Associates (ERA), December 2001.

Economic Data Sources

A variety of secondary data sources were used to prepare this analysis. Data on historic employment trends for the Lynchburg MSA were obtained from the Virginia Employment Commission (VEC). Forecasts of growth in employment through 2020, however, were obtained from Woods & Poole, Inc. (a demographic forecasting firm based in Washington, D.C.), since VEC projections are prepared only through 2006. It should be noted that the Woods & Poole data includes at-home, self-owned businesses, and part-time employment in its forecasts, while VEC does not. The Woods & Poole forecasts were used to help inform our analysis of demand potentials for both office and industrial space in Lynchburg.

Data on retail sales by expenditure category were obtained from Sales and Marketing Management's 2000 Survey of Buying Power. Data on the region's hotel market (e.g., occupancy trends, average daily room rates, etc.) were obtained from another independent source, Smith Travel Research (STR), which monitors hotel market trends of reporting properties nationwide. The Lynchburg hotel data are current through January 2001.

Employment Growth

ERA examined employment growth trends and projections in the Lynchburg MSA to identify planning targets for commercial and industrial development to help guide public policy initiatives and possible locations for new development or redevelopment in the Comprehensive Plan. These planning targets encompass a 20-year window (2000-2020) and use employment projections prepared by Woods & Poole, Inc.

Economic expansion in the Lynchburg Metropolitan Statistical Area (MSA) between 1990-2000 generated between 16,000 (Woods & Poole) and 18,000 (VEC) net new jobs. While manufacturing employment declined (partially a result of Ericsson outsourcing to private contractors), a sizable number of new jobs were created in construction, retail trade, and services.

Over the next 20 years, Woods & Poole estimates that the three-county MSA will add another 28,000 new jobs. The strongest sectors for growth are expected to

be services, retail trade, and construction. Manufacturing is expected to remain flat. New jobs will produce a demand for various types of real estate, including commercial office and retail, industrial, and hotel/lodging.

Commercial Office Demand

Over the next 20 years (assuming that the proportion of office-using employees in the region's job base remains constant at 34%), ERA estimates that forecasted employment growth across the entire MSA could generate demand for approximately 1.4 million square feet of space-or roughly 68,000 sq. ft. per year. This effectively equates to approximately one office building per year across the metropolitan area. What is not known, however, is how much of this demand will be accommodated within existing buildings.

A critical goal of this Plan is that the City of Lynchburg remains the heart of the region's office market. Over the next 10 years, ERA estimates that the City's fair share capture of demand for office space (assumed at 60%) will yield demand for approximately 420,000 sq. ft. of space in the City between 2000-2010.

However, as outlying suburban jurisdictions such as Bedford County realize that resident population growth requires commercial uses to strengthen the tax base to fund municipal services, it is likely that suburban municipalities will increasingly encourage commercial development. (In fact, Bedford County's real estate tax rate was $0.59 per $100 in 1999; it increased to $0.70 per $100 in 2000). Coupled with limited developable land, ERA believes that the City's ability to capture future office demand will decline. ERA estimates that forecasted employment growth between 2011-2020 (at a fair share capture of 45%) will generate demand for an additional 300,000 sq. ft. of office space in Lynchburg during this period.

Normally, a city's fair share would be based on a comparison of its existing office inventory to that in the region, with the assumption that its fair share would be held constant for the foreseeable future. However, since complete data on the Lynchburg area office inventory is not available, the City's fair share is unknown. Therefore, future capture rates are estimates.

In summary, it is reasonable to assume a 20-year planning target for commercial office development on the order of **700,000 sq. ft.** for the City of Lynchburg. Notably, total space demanded may be a combination of new construction and/or the rehabilitation of existing (vacant) buildings. (Rehabilitating existing space would not count as net new growth in the City's office inventory.) Vacant buildings in downtown Lynchburg should be examined to determine their adaptability for renovation and conversion to modern office space to meet future "multi-tenant" or speculative demand.

Industrial Demand

ERA segmented its analysis of industrial development opportunities into two categories. The first, general industrial, reflects space designed to accommodate a variety of uses commonly associated with industrial (e.g., light assembly, and warehousing and distribution uses-which typically consume large blocks of space) or flex-tech (e.g., office/showroom) operations. The second, research and development (R & D) reflects space designed to accommodate laboratory, research, or testing facilities. ERA included this category in the analysis to reflect SIC classifications in engineering, research, and the like that exist in Lynchburg today, such as, Ericsson and Grayson Electronics.

Employment growth in the Lynchburg MSA generated demand for approximately 1.9 million sq. ft. of industrial space between 1990 and 2000—or roughly 195,000 sq. ft. per year. This estimate assumes that approximately 47% of the region's job base are industrial employees who occupy an average of 240 sq. ft. of space per employee across all categories of industrial space.

ERA estimates that forecasted employment growth across the entire MSA could generate demand for 2.5 million sq. ft. of general industrial space and 800,000 sq. ft. of R & D space. This analysis covers a 20-year period and assumes that the proportion of industrial-using employees in the region's job base remains constant at 47%. It also presumes continued effective regional marketing efforts and recruitment strategies that are designed to attract a variety of companies can succeed in expanding the regional economy and offering well-paying jobs to trained workers.

Presuming that the City of Lynchburg has sufficient developable parcels available for industrial expansion, ERA estimates that the City's fair share capture of demand for general industrial will continue to be strong—on the order of **1.5 million sq. ft.** over the next 20 years. According to the City's Office of Economic Development, the relatively small-scale nature of R & D tenants in Lynchburg is not likely to change in the foreseeable future; therefore, ERA estimates that future employment growth will yield annual demand for less than **200,000 sq. ft.** of such space between 2000-2020. Notably, total space demanded may be a combination of new construction and/or the rehabilitation of existing (vacant) buildings. (Rehabilitating existing space would not count as net new growth in the City's industrial inventory.) Moreover, some increment of new industrial-using employees from existing companies will be located in existing (i.e., company-owned) space.

This estimate of demand for industrial space may be fine-tuned based on additional information made available on floor-area ratios (i.e., densities) and land remaining for industrial development in the City's Lynchpin Industrial Center. Site coverage ratios in Lynchburg today for industrial space are in the range of 0.10x to 0.40x. Presuming an average floor-area ratio of 0.20x, ERA estimates that our demand forecasts for general industrial space will require on the order of 175 acres of land. R & D space projections will require another 20 acres of land.

Hotel/Lodging Demand

Recent (1997 to 2001) changes to the hotel market in Lynchburg reflect the addition of new rooms to the market, including recent deliveries such as the Wingate Inn, Marriott Courtyard, and Sleep Inn, and properties either announced or under construction (e.g., a Motel 6 on Candler's Mountain Road). Demand generators for hotel/lodging include the region's colleges and anchor employers, such as GE Capital. Since these new facilities are exclusively limited service/budget, this pattern suggests that demand is limited for business-class lodging—and may not be of sufficient depth to support such new hotel construction over the next five or more years. It should be noted that these new additions to the market have already begun to cannibalize some of the demand for the older, higher priced hotels, due to their provision of newer, updated services and facilities.

Supporting ERA's assertion of limited development potential, market room rates continue to perform at levels most opportune for limited service and budget hotels.

ERA believes that demand for meeting and conference space generated by employers and other users is sufficiently met in existing facilities, such as the Holiday Inn Select in downtown Lynchburg. Should efforts to promote heritage tourism in Lynchburg prove successful, demand for hotel rooms in the region would be enhanced—especially on weekends and holidays.

Based on this analysis, ERA believes that future hotel development in Lynchburg will most likely be associated with demand generated by new commercial (office) development and, to a lesser extent, by industrial and R&D expansion/growth. Areas identified for future office development in the Comprehensive Plan should include sufficient acreage to accommodate future hotel/lodging uses.

ERA tested—on a preliminary basis—demand generated by future commercial and industrial growth. An additional 700,000 sq. ft. of office space demanded by the creation of approximately 4,100 new jobs could be expected to generate demand for approximately 235 new hotel rooms. This estimate considers that 25% of the new office employees would generate business visitors, 50% of whom would stay in a lodging facility over 1.5 nights at an average party size of 1.5 persons. This translates into sufficient roomnight demand (assuming a 70% annual occupancy) to support these 235 new rooms. A similar analysis for new jobs created from new jobs in industrial and R & D creates demand for an additional 175+ hotel rooms. ERA notes that financing new hotel development today—even in the strongest markets—is extraordinarily difficult. Capital market requirements assume minimum performance levels of 70% annual occupancy. Average annual occupancies in Lynchburg today are in the range of 59%. As a result, it is highly unlikely that new hotel development in Lynchburg is financiable over the near-term. (Recently built properties, which attracted readily available capital during the mid-1990s, are likely to steal market share from other aging properties in Lynchburg without a significant

bump in demand.) To attract capital, the market would have to strengthen to an achieved occupancy level of 70%. ERA considered this critical factor in the hotel analysis, which estimates net new demand (after rooms in existing properties are occupied to the 70% level) on the order of 250 new rooms.

Implementation of a heritage tourism program in the City of Lynchburg and the surrounding area may also lead to an increase in the demand for hotel rooms to serve the needs of those who come to the area to visit our historic and cultural sites.

Commercial Retail Demand

The City of Lynchburg plans to remain the region's retail hub, as retail sales generate significant tax revenues for the City through sales taxes and business licensing fees. Over the long-term planning horizon, however, several factors are likely to limit significant levels of new retail development in the City. These include:

- A lack of significant new population growth in the City
- Difficulties associated with commercial development in areas attractive to developers (e.g., Boonsboro Road)
- A limited number of developable parcels, at higher cost, than outlying locations
- Inability for the City to annex land in adjacent counties

ERA analyzed retail demand potentials over the next 20 years. This analysis assumes that the metropolitan area's population and median household income increase at the same rate between 2005-2015 as that projected for 2001-2005. The model takes disposable household income and the amount spent on various categories of retail goods (e.g., general merchandise, apparel, furniture/home furnishings, etc.) to calculate expenditure potentials. In the next step, the model calculates the amount of retail space supportable in Lynchburg today and estimates the amount of retail space that could be supported in 2020. It estimates a capture rate of City and regional household expenditures, as well as an estimate, known as an inflow factor, for expenditures from visitors to Lynchburg (e.g., tourists, hotel guests, etc.). It further assumes a minimum productivity level (i.e., sales performance) required by retailers in Lynchburg in the range of $150 to $225 per sq. ft. to derive the amount of supportable retail space.

Using these assumptions, this analysis suggests that another **600,000 to 700,000 sq. ft.** of retail space is market supportable over the next 20 years in the metropolitan area. New retail development could range from one new regional mall, two or three power centers like Wards Crossing, or (more likely) multiple community and/or neighborhood retail shopping centers. Of course, this space may be distributed in several locations across the metropolitan area. Those locations in areas of strong growth with readily developable parcels (i.e., flat land, highway access, strong visibility, etc.) are likely to be targeted for development first by owners and/or retail developers.

In order to capture this retail demand, the Comprehensive Plan must identify a minimum of two sites in selected locations in the City capable of accommodating the requirements associated with community retail development in the range of 100,000 to 300,000 sq. ft. over the next 20 years.

Potential sites to meet the demand for office, industrial, R & D, hotel, and retail space projected in these analyses are identified in Chapter 9, Commercial & Employment Areas.

Barry Carpenter, Sympoetica

Main Street Concept, Wyndhurst Traditional Neighborhood Development.

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